ANNUAL SUBMISSION

Of The

Prince Edward Island Federation of Labour

CHARTERED BY THE CANADIAN LABOUR CONGRESS

TO

THE PREMIER & MEMBERS OF CABINET

CHARLOTTETOWN, P.E.I.

February 16th, 1984

On behalf of the roughly 8000 members of the Prince Edward Island Federation of Labour, we have outlined some of our concerns for you in this brief.

As you know, the practice of submitting a brief is an annual event and you will note as you read this brief that many of the items mentioned are items to which we have referred in earlier briefs. We mention them again because to date nothing has been done on our requests.

THE ECONOMY OF PRINCE EDWARD ISLAND

According to business and governments, the economy of Canada is in a recovery and has been since the beginning of 1983. Certainly there are some signs of a recovery. Corporate profits have made an impressive comeback. The level of corporate profits has risen about 75% in 1983 over the previous year while personal and corporate bankruptcies are down as well.

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On the other hand, the annual average rate of unemployment for 1983 was 11.9% - the highest annual average since the Great Depression of the 1930's. By the end of 1983 the take home pay of the average worker was still significantly below what it was at the end of 1976. The national rate of unemployment is still over 11%, and every reputable forecast, including that of the Federal Finance Department, suggests that double digit unemployment will be with us for some time.

As APEC reported in its December Economic Review and Outlook, any improvement in the labour markets in Prince Edward Island is because of the gradual relocation of the Department of Veterans' Affairs to Charlottetown and to a number of short term job creation programs. As the report notes, "whether many of these short term jobs will survive is open to question, and this may especially affect employment of young people in 1984".

The recent performance of the Prince Edward Island economy is a continuation of a long record of poor performance. As the APEC report notes, although the growth in 1983 was the first positive economic growth since 1980, "performance in 1984 is likely to be more restrained, especially as the

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relatively narrow base of the island economy imparts a certain fragility to growth". This narrowness, and the fragility, are the result of economic policies over a number of years.

In a brief to the Council of Maritime Premiers a few months ago we made the point that the employment population ratio for Prince Edward Island (the proportion of the adult population for which the economy can provide jobs) is a lot lower than for Canada as a whole. In 1983, on average, about 53% of the Prince Edward Island population was working. In 1982 the number fell at one point to below 48%. The national level for 1983, on the other hand, averaged 56.7%. This was the lowest national average in six years. The proportion of the adult population for which the Prince Edward Island economy can find work is always lower than for Canada as a whole. Even when the proportion rises in good times, it still doesn't reach the levels in the rest of Canada at the depths of the economic cycle.

Unemployment rates for Prince Edward Island have been edging up for the past few years. Between 1976 and 1980 the rate for Prince Edward Island was over 10%, at a time when the national average rate of unemployment was a little under 8%. In 1981, when the national average was 7.5%, the

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Prince Edward Island rate rose to 11.2%. In 1982 the Prince Edward Island unemployment rate soared to an annual average of just under 13%, and for 1983 it came down slightly to 12.2% - a rate that, except for the year 1982, when the province and the country were in the deepest economic downturn in 50 years, is the highest unemployment rate since the numbers began to be collected.

At the same time, the numbers of people in poverty have increased to the point where just under 16% of the families of Prince Edward Island are under Statistics Canada's poverty line, which, as we know, is the most conservative definition among many of the extent of poverty in Canada. Average family incomes continue to be over 20% below the national average. Many of these families are composed of the working poor; a disproportionate number of them are older people on fixed incomes; a disproportionate number of them, as well, are composed of families whose head is a woman.

We outline the above numbers not to complain, or to paint gloomy pictures, but to underline the fact that the economic problems faced by Prince Edward Island are not new, and require long term planning. We understand the limited finances available to the Prince Edward Island government

and the fact that the province is dependent to a large degree on funds from the federal government. Nobody has to tell us that Prince Edward Island is a have not province. Working people see that fact every day. We would not have expected you to solve all these problems between the time of our last submission and this one. But we had hoped that you would begin to tackle some of the long term problems that underlie this sad economic record and the unacceptable employment/unemployment situation.

THE STATE OF THE TRANSPORTATION SYSTEM

Last year in our brief to you, we discussed the state of the transportation system that links the Island with the rest of Canada. As we said then, a good reliable transportation system that would allow us to export and import products at reasonable cost was part of the Confederation bargain.

Much of the transportation system that serves Prince Edward Island is a federal responsibility, but it does not appear to us that you have been sufficiently aggressive with the federal government in arguing for the rights of Islanders.

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As we mentioned last year, Prince Edward Island was the first province to lose its railway passenger service. The state of the railbeds on the Island is such that there is a good chance that we will lose the rail system completely. If CN Express is allowed to close out its operations on the Island, not only will there be jobs lost, but unnecessary economic hardship as well. At the moment a very large proportion of the commodities moving on and off the Island is moved by transportation companies that are owned, controlled, operated and maintained off the Island. The loss of jobs in this situation is obvious, as is the fact that the basic systems on which the economy of the province depends are run by people who have no particular commitment to the Island, or even to the region.

CHANGES IN LABOUR LEGISLATION

As you know, the Labour Act Review Committee set up under the previous government recommended changes in the Labour Act. These recommendations, and representations made by the Federation of Labour both verbally and in writing, as far back as late 1981, have been ignored. It is not necessary to go into any detail on this issue, since the facts are known to you.

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A copy of the correspondence of January 1982, from the Federation of Labour to the Minister of Labour is attached. It includes specific recommendations for changes in the Labour Act. We would ask you, once again, to consider these and other changes to the Labour Act that would improve the climate of labour/ management relations in this province.

The long term goal of the provincial government should be to place all workers under one Labour Act, so that all employees have similar rights, and those rights are clear. A resolution from the 1980 Federation of Labour Convention on this issue is included. We would ask you to consider this.

Another point we raised with you last year had to do with collective bargaining rights for inshore fishermen, a subject which the Labour Act Review Committee was asked to deal with some years ago, and on which no action has been taken to date in spite of recommendations dating back to February 1979. We would ask that you review your files on this issue and consider action.

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THE STATE OF PUBLIC SERVICES

Since the time of our last brief to you, the full effects of the public sector restraints program announced in your last budget have become clear. One aspect of this is the public sector wage controls which we will discuss in more detail below. The deterioration in services is important and deserves further comment.

Because unemployment in Prince Edward Island is higher and incomes lower, the people in this province are more dependent of payments of various kinds from governments than people in most other parts of Canada. As a result, government cutbacks impact more seriously here than elsewhere. Decline in the level and quality of services at a time when they are most needed by many citizens is an abdication of the responsibility which you have undertaken to protect their welfare.

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In addition to being unfair, budget cutting exercises are ultimately self-defeating. When governments choose to limit the services they provide in order to limit the size of their deficits they set up a chain reaction which reduces purchasing power in the economy which further reduces government tax revenues which in turn increases the demand on social services even further. The net result of such deficit cutting is that deficits rise, often in an unplanned manner. We do not yet know what the figures for 1983/84 will be but we do know that an original estimate of $14.6 million deficit went to $25.2 million in the revised figures for 1982/83. This was an unplanned increase in the deficit which came in the face of concerted efforts to keep the deficit as low as possible by cutting services and restraining expenditures at all levels.

In past briefs we urged you to examine the state of day care facilities in the province. A few points should be made on this issue again.

The lack of day care facilities is most acute in smaller communities. It is most pressing for low income people who have few options available to them in terms of working; adjusting their schedules; or paying the high fees charged.

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In many families, both parents must work to support the household. In those circumstances day care is an absolute necessity. Single parents, many of whom have low paying jobs, find themselves in an impossible situation without affordable day care. For many single mothers the lack of day care means no job. No job means welfare and poverty. Surely we should try to avoid putting people in these situations.

Once again, as we have done in the past, we ask you to take immediate action to establish adequate subsidies for licensed day care facilities in Prince Edward Island, with an emphasis on facilities available for low income people and in smaller communities.

MEDICARE

Since the last time we met with you, the medicare issue has become more serious. The federal government has signalled clearly its intention to go ahead with its plans to penalize provinces which allow extra billing and user fees.

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In Prince Edward Island we are fortunate that there are no medicare premiums, no hospital charges, and little extra billing. There is no guarantee, though, that extra billing will not become a problem in the future.

The labour movement believes in the principles of universal access to quality medical care upon which the medicare system in this country is based. We believe that it is under threat. It is our view that you should have the courage to make representations to the federal government on the preservation of the universal medicare system in Canada; pledge your government's support for its preservation in Prince Edward Island and press for a return to the full 50/50 cost sharing arrangements which were eliminated by the federal government a few years ago.

One of the principles of Confederation is that Canadians will be able to enjoy certain minimum standards of services wherever they may live in this country. The equalization program has ensured that we are able to enjoy higher standards of services than we would otherwise be able to afford. If that right to a guaranteed minimum of services is threatened

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anywhere in Canada we are all weakened. We believe that you should be saying this to the federal government and to your colleagues in the other provincial governments.

We are aware that the federal government has been attempting to pass its fiscal problems on to the provincial governments. The federal payments for a whole range of services have more to do with the federal government's obsession with the size of its deficit and a philosophical position on the size of government expenditures than they do to an assessment of health and social service needs in the provinces. In fact, the most important feature of the new fiscal relationship with the provinces is that the payments from the federal government are no longer tied to either an assessment of needs in any particular province or to the actual amount of program expenditures.

In the case of Prince Edward Island, these new arrangements, coupled with the hard economic times which have limited government revenues and increased outlays, have forced some very regressive decisions. In our view, however, cutting back on things like the dental program for children is not only unfair to the poorer members of our society; it is ultimately a poor investment since the costs of neglecting the dental health of our children increases future financial burdens.

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We would also like to repeat our call for the provincial government to reassess the number of nursing homes available in the province and to consider the provision of dental and medical aids, hearing aids, glasses and prosthesis for senior citizens who continue to live at home rather than in a nursing home. For many the expenses are a significant drain on a limited income. In our view the provision of these necessities through the medicare system would mean a significant improvement in the quality of life for our older citizens.

MINIMUM WAGES

In previous briefs we have drawn attention to the minimum wage. There is no evidence that higher levels of minimum wages discourages employment. A great deal of evidence suggests that higher minimum wages contribute to increased prosperity and demand in the economy. The present level of the minimum wage is $3.75, which is not enough for the basic necessities. A great many of the working poor, to which we referred earlier, are people working at the minimum wage. We would urge you, as we have done in previous years, to call meetings of the Labour Standards Advisory Board (Minimum Wage Board) for the purpose of increasing the minimum wage to a level high enough to provide a decent minimum standard of living.

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HEALTH AND SAFETY PROVISIONS

When we participated in the joint brief to the Council of Maritime Premiers a few months ago, we noted that no province in the region has what we would consider adequate occupational health and safety legislation. We expressed our desire to co-operate with the provincial government in researching and discussing the details of an adequate occupational health and safety law. We have made that offer many times. Our offer to co-operate fully with the government in this area still stands.

The labour movement has summarized its position with respect to occupational health and safety in terms of three rights - the right to know, the right to refuse, and the right to participate.

The right to know the hazards of work is a basic human right. Without a knowledgeable work force programs to

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promote workplace health and safety will not work. Programs will not work either, unless workers are actively involved in monitoring the hazards of their workplace and have access to the information they need to do this. More specific disclosure requirements are a necessity. Often employers are not fully aware of the hazards of some of the substances and techniques with which workers must deal or their responsibilities to their employees. There is no point in legislating a duty on management to inform the workers if the employer is not fully aware of the hazards. For this reason, we believe that federal packaging and labelling laws are a necessity, so that there will be uniform, clearly understood, rules across the country. The national government has failed to come up with such a scheme and to date provincial governments have not put any pressure on the federal government to do so. We understand that some manufacturers are reluctant to disclose proprietary information, but workers' safety and health come before profits. We urge you to lobby the federal government for action on such a universal packaging and labelling system as an expression of the right to know.

The right to refuse unsafe work, without fear of reprisals, is also basic to our concept of a modern health and safety system. In Prince Edward Island there is no health and safety legislation that protects this right to refuse. We believe it should be built into the basic laws of the province.

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Finally, the right to participate in workplace health and safety committees is important to us. Workplace committees in most jurisdictions have come to be seen as a basic element in health and safety legislation. In Prince Edward Island there is no legislation that would allow the setting up of workplace health and safety committees or the designation of worker safety representatives.

As we have suggested before, the labour movement has a great deal of expertise in the field of workplace health and safety. We would be happy to work with you on this but we must be assured that the effort is a serious one.

WAGE CONTROLS

In our last brief to you we outlined in some detail our opposition to public sector wage controls and the history of discussions between the provincial government and the unions representing public sector workers in the province.

We would remind you that during the election campaign, when asked about a possible restraints program, you replied that any such program for Prince Edward Island would be worked out through consultations between business, labour

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and government, and that any program would include a total economic recovery package of prices, profits and interest rates.

Consultation of sorts was attempted a few weeks after the election campaign when an economic consulting group of prominent businessmen and senior government officials was set up. There were, as you know, no consultations with labour representatives, except for a meeting with PSA officials to ask them to surrender benefits already agreed to in collective agreements.

Shortly after this, in January 1983 you announced that a public sector restraints program was imminent.

At the time of our last presentation we pointed out to you the lack of consultation on any economic policies with the representatives of the labour movement in Prince Edward Island. We also pointed out that the restraints program that had already been in place for some years had resulted in layoffs of public sector employees, cutbacks in important public services and a deterioration in labour/management relations in the public sector.

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For the five years preceding the present contract, the wage increases of the average provincial government employee trailed the increase in the consumer price index by a significant amount. The real income of the average public employee in Prince Edward Island has fallen by an average of almost 1% a year since 1977.

We summarized our presentation to you with the hope "that the restraint program which you stated you intend to introduce will not consist of wage rollbacks, wage restraints or layoffs of public sector employees". We expressed the willingness to co-operate with the provincial government in coming up with ideas and proposals on how to save money, instead of going ahead with any scheme of wage controls, wage rollbacks or layoffs.

Soon after that, in May, the Compensation Review Bill was introduced which interfered directly with the full and fair collective bargaining that we regard as a basic democratic right in both the private and public sectors.

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About this bill, a few brief comments, since our views on this legislation are well known.

First, the government has never explained why it is that the members of society who happen to work for the provincial government should be asked to make special sacrifices and forego basic democratic rights in order to meet the general economic objectives of the government. Government employees have all the same rights as everyone else, and they expect that the government will respect these rights and protect them from arbitrary actions. Their trust in government has been abused by this legislation.

Second, it has become clear that the legislation was not necessary to bring down the rates of settlement. Rates of inflation have come down because of the economic downturn. Settlement rates in both the public and private sectors have also come down. If you had trusted your own employees we have no doubt that wage settlements with the provincial public sector bargaining agents would have reflected the economic realities without the heavy handedness of legislated controls.

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Third, the willingness of labour representatives to meet with government officials at the eleventh hour to work out a compromise settlement that provided some groups with a chance to avoid the worst features of the Compensation Review Act, demonstrates that consulting with labour can produce positive results. You will undoubtedly reply that this sort of negotiation would not have been possible without the ultimate threat represented by the legislation. All we can say is that ultimately, governments have the final authority, and must learn to use it responsibly when they deal with their own unions. The Compensation Review Act did not demonstrate a responsible attitude on the part of the government to its employees or a positive attitude to the collective bargaining system.

PLANS FOR ECONOMIC RECOVERY AND RENEWAL

Finally, a question. In your statement of May 3, 1983, announcing the wage controls legislation, you noted that "as a government, moderation is not an end in itself, but a means toward economic recovery".

We have now had a supposed recovery for about a year; the recovery seems to have peaked, nationally and on the Island. Forecasts for both the country and the province are for growth to slow down in 1984 with continuing high levels of unemployment.

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Where are the plans for economic renewal that you said were the reason for the wage controls program? We have waited some months now for an indication that the government was ready to announce an economic plan for the province that would ensure the long term renewal that we need. We have waited to be consulted on this economic plan. Can we assume that you will be announcing a major economic renewal plan in your next budget? That you will be taking the money you have saved and using it for economic development? Or must we assume that your statement of last spring was strictly political?

In all of our briefs to government we have stressed the importance of economic renewal. We have also stressed that economic renewal will not work unless it is based on sound principles of fairness and equity.

The trade union movement has summarized its program of economic renewal in the **Four Rights of Labour**. They are:

The right to a secure job

The right to a decent income

The right to needed public services

The right to free and fair collective bargaining

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The trade union movement represents that group of people in society who do not have any special privileges or large amounts of inherited wealth. For the people we represent, government services; government-inspired economic development; the social safety net guaranteed by government; the social and political rights guaranteed by government are crucial to their welfare. Unfortunately, none of these rights can be fully enjoyed in Prince Edward Island today by the majority of working people.

GEORGETOWN SEAFOODS AND CANADA PACKERS

Finally, a few words about two major concerns, Georgetown Seafoods and Canada Packers.

It is not necessary to go into great detail on the importance of reopening the Georgetown Seafood Plant to provide jobs in an area that desperately needs them.

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Nor do we need to go into detail on the facilities available at the plant, the deep water port associated with it, nor the wharf facilities, which, even after the fire which destroyed part of the wharf, are sufficient for continuous trawler operations.

Georgetown Seafoods has been closed since 1981. At its peak, although it was only operating at 60% capacity, Georgetown Seafoods employed over 500 direct and seasonal workers, not to mention the fishermen for whom it served as a point of sale for their catch. In the year prior to its closure, although only operating at 50% capacity, the plant provided 11,500 work weeks of direct employment with an estimated input of $8 million a year into the local economy. The impact of the closure, with employment and income figures like these, need not be stressed. It need not be stressed, as well, that in an area that is mainly oriented to the fishery, the chances for other employment for those people laid off was not very good. The increase in the numbers of people applying for assistance in the months after the closing, as their unemployment insurance benefits drew to an end, is the best measure of the lack of jobs in the area.

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Under such circumstances, there is a reinforcing cycle of events, as businesses go under, more workers are laid off, and less money is flowing through the system. And of course the dollar figures alone do not take into account the total impact. There are also the social problems caused by long term unemployment, the loss of dignity and pride associated with being out of work, the family problems, stress and illness and so on.

We recognize that the opening of Georgetown Seafoods will not be accomplished by the provincial government alone. It will require a cooperative effort with the federal government. But it must start here, with you.

We have suggested, for instance, that there be an allocation of offshore fish to the Georgetown plant, with at least four trawler licenses, so that a fleet could be located in Georgetown. This needs the work of both levels of government to make it happen.

The long term solution to the economic problems of the Georgetown area lies in the provision of real work, filling real needs. It does not lie in the area of short term assistance, as important as this is in the interim.

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This will require planning. We have stressed in the rest of our brief to you the importance of long term planning, and the sad effects of the lack of such long term planning on the economic and social well being of the people of the province. It is our hope that the upcoming budget will contain some real long term economic planning for the province, and that the reopening of Georgetown Seafoods, as the base of operations of a trawler fleet, serving real needs and providing work for the people of the area, will be an important part of that overall economic plan.

Within the past few months we have lost a large number of jobs at Canada Packers, a situation we have been discussing with you for some time now.

At its peak, the Canada Packers plant employed between 250 and 300 people. Now there are only about 70 people in the plant.

This is a large job loss for an area that, like the rest of the province, desperately needs jobs. But the direct jobs lost do not measure the total economic impact of this layoff, nor the impact of closing down the plant entirely. The employees of Maritime Electric, Sterns Laundry, CEGF, Ken Newbury and Sons, Island Telephone Co. Ltd., not to mention the hog, cattle and sheep farmers of the island, are all affected by the closing down of operations at Canada Packers. All of these companies,

and their employees, depend on the money that comes from a healthy, functioning plant. The payroll to employees directly employed by Canada Packers alone last year was in the range of $6 million, money that contributed to the overall health of the community. The payrolls of employees of other companies dependent on Canada Packers would also be sizable, and the effect of the loss of these incomes will be felt by the entire community.

Canada Packers has said that the problems of transportation are the main reason for the closure of this plant. Another reason cited was the high cost of electricity in Prince Edward Island, which places the plant at a competitive disadvantage.

Both of these problems have been the subject of our briefs to you in the past. In another part of the brief we brought to your attention the long standing problems with transportation on this Island. Although the solutions to our transportation problems do not lie entirely within provincial hands, they do require that the provincial government insist to the federal government that the rights of Islanders to a good transportation system be honoured. We have suggested that you have not been aggressive enough in standing up for our rights in this area, and now the economic problems of this neglect can be seen.

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We have been promised for some time now that something would be done about lowering electricty rates to levels closer to those enjoyed in other parts of Canada. As recently as the last election you made promises about the purchase of power from Quebec Hydro. To date we have seen nothing of these promises. We, and others, have suggested to you that attention to the power rates paid by large employers like Canada Packers is important if our jobs are to be saved. The importance of electricity rates to the cost of living in the province, and to the employment of many of our people, has long been evident. We have now had more evidence of the effect of your lack of action in this area.

As with the Georgetown Seafoods closure, we have suggested that long term planning is important. To date we have seen little of this, and we are wondering when you will take action to save our jobs. Can we expect to see some action on this long-standing problem in the next budget, or must we wait for more layoffs and closures before you will feel the need to act?

CONCLUSION

In this year's brief we have gone over some of our longstanding concerns and raised some new issues as well. We have suggested a course of action with respect to these various concerns that we think would improve the quality of life for the citizens of this province.

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We are ready, as we have suggested, to work with government on all of these issues. We would be happy to discuss them with you in more detail.

RESPECTFULLY SUBMITTED, ON BEHALF OF THE PRINCE EDWARD ISLAND FEDERATION OF LABOUR

Jim MacDonald, President
Bob Thompson, First Vice-President
J. Fred Quinn, Secretary
Foch McNally, Vice-President, Queens Co.
Doreen Riley, Vice-President, Queens Co.
Ernest Campbell, Vice-President, Prince Co.
Fred Horne, Vice-President, Kings Co.
Richard G. Taylor, Executive Bd. Member Queens Co
David Burke, Executive Board Member, Queens Co.
Barry Reilly, Executive Board Member, Kings Co.

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